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ABSTRACT

Teachers at all grade levels need to recognize the importance of instruction in consumer reading and decision making skills. The definitions and prerequisites of a literate consumer underscore the importance of reading and reasoning skills development for making effective decisions. Consumer educators must also recognize that economic relationships are intertwined with political, social, cultural, and technological changes that modify the goods consumed and the manner of their exchange. A Consumer Decision Action System Model delineates the complex relations among factors external and internal to the individual in the decision making process. The model also considers the socioeconomic and information areas that influence consumer decision making as well as the context in which those decisions are made. A similar model outlines five skill areas essential to decision making: facilitating, conceptualizing, processing, operating, and reasoning. Reading, reasoning and decision making skills as illustrated in both models can be taught through the school curriculum, and consumer education serves as an excellent vehicle for teaching these basic life skills. (The decision making models, definitions of the skill terms, and a case study lesson plan for instruction in consumer decision making are appended.) (HTH)

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Reading and Consumer Decision Making Skills

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Recent national and international events have brought to public attention the finiteness of resources in the economic, political and social environments. A most daily the media brings news about double-digit inflation, fluctuating interest rates, higher gasoline prices, unemployment, budget cuts, trade deficits, taxes, etc. In this technological environment the consumer-citizen is required to make complex economic decisions affecting not only the individual but the family and larger national and international communities as well. Both individual and social costs and benefits need to be evaluated before each consumer financial decision is made. Thus, consumer decision making is a regular part of daily living.

Consumers are influenced by the market environment which transmits information in the forms of print and non-print media. Such information may often present conflicting perspectives regarding the benefits and costs of a purchase, investment, etc., to the consumer. Where print is the primary source of consumer information, the abilities to read, analyze, and judge the validity of information presented are necessarily important. Subsequent consumer decisions made on the basis of this information need to be well thought out.

Impulsive consumer decisions may have negative financial consequences for individual consumers. Further, since consumer decisions do have an impact on the socio-economic environment, the ability of citizens to use reading and decision making skills has implications for society. Teachers at all grade levels need to recognize the importance of instruction in reading and decision making skills for consumer education. That is, consumer education should not be left to chance.

Previous research, however, has indicated that adults and children lack some of the skills needed to make consumer decisions and are not capable of solving fundamental consumer problems encountered in daily life. None of the studies reviewed investigated the potential problems children and adults might have in formulating decisions. Specifically, little or no attention has been given to the processes used in reaching a

final consumer decision. Rather, most of the studies have focused on subjects' knowledge of consumer economics and application of that knowledge.

Harris and Associates (1970) conducted a study sponsored by the National Reading Council. The study attempted to assess how well people could complete government or business application forms for social security benefits, a personal bank loan, public assistance, medicare, and a driver's license. Forms contained more than 20 blanks or questions to address. Questions answered correctly determined a respondent's level of literacy. These levels included: low survival - less than 70 percent correct, questionable survival - less than 80 percent correct, marginal survival - less than 90 percent correct, and likely survival - greater than or equal to 90 percent correct. Blanks which could not be filled in were counted as incorrect answers. A sample of 1,685 individuals 16 years and older representing the civilian non-institutionalized population of the continental United States participated in the study. The chart given below shows the results of the Harris (1970) study in summary form.

Results of Harris' (1970) Study

Percent of Sample	Percentage of Questions/Blanks Answered Correctly	Category
3%	$< 70\%$	Low survival
2%	$< 80\%$	Questionable survival
8%	$< 90\%$	Marginal survival
87%	$\geq 90\%$	Likely survival

Given Harris' literacy levels, then, three percent of the sample were categorized as being in the low survival range; five percent were categorized as falling into the questionable survival category; 13 percent fell into the marginal survival category; and 87 percent were classified as likely to survive. Projecting these percentages into the estimated population of the United States (1970), approximately 4.3 million

persons fell into the low survival category, about 7.1 million individuals into the questionable survival category, and approximately 18.5 million into marginal survival category.

A second study done by Harris (1971) also used government or business application forms as test material to measure literacy levels. Portions of the test were taken from authentic forms often used by many Americans: the Social Security form, the Medicare application, the application for public assistance, the application for a driver's license, the original claim for unemployment benefits, the Selective Service System current information questionnaire, the individual income tax forms, the U.S. passport application, a credit card application, and a U.S. census form. Additional questions based on classified advertisements and telephone dialing instructions were included in this 57 item survey test. As in the earlier Harris (1970) study, the 1971 investigation used a representative sample of the civilian non-institutionalized population in the continental U.S. Results of the survey revealed that an estimated 15 million adults would have great difficulty completing the required forms in real life situations.

The forms used by Harris in both studies reflect demands placed on consumers in daily life. Reading skills are a prerequisite for successful independent consumer activities, such as completing a variety of forms. Although both of Harris' studies were commendable efforts in identifying illiteracy levels, it was beyond the scope of his studies to focus on consumer skills above the knowledge level.

The Adult Performance Level Project (APL), established in 1971 was concerned with assessing knowledge and skills competencies of the continental U.S. adult population aged 18 to 65 years old (University of Texas - Austin, 1977). The skills areas assessed included communication (reading, writing, speaking, and listening), computation, problem solving, and interpersonal relations. Consumer economics, occupational knowledge, community resources, health, and government and law comprised the general knowledge

areas. Three levels of success or competency were outlined. These levels were labeled APL 1, APL 2, and APL 3. The levels were determined on the basis of income, education, and occupational status. The definitions associated with each level are given below.

APL LITERACY LEVELS*

APL 1 (Adults who function with difficulty)

APL 1's are those adults whose mastery of competency objectives is associated with:

1. Inadequate income of poverty level or less.
2. Inadequate education of 8 years of school or fewer.
3. Unemployment or occupations of low job status.

APL 2 (Functional Adults)

APL 2's are those adults whose mastery of competency objectives is associated with:

1. Income of more than poverty level but no discretionary income.
2. Education of 9 to 11 years of school.
3. Occupations falling in medial job status range.

APL 3 (Proficient Adults)

APL 3's are those adults whose mastery of competency objectives is associated with:

1. High levels of income or varying amounts of discretionary income.
2. High levels of education, high school completion or more.
3. High levels of job status.

The resulting raw scores from the assessment instrument were defined in terms of the same three APL levels.

Predictions about the performance levels of the adult population with respect to the knowledge and skills areas were then made. Of special significance to the present discussion were the findings related to reading and consumer economics. Specifically, the results of the test measuring knowledge of consumer economics indicated that 29.4 percent of the population fell into the APL 1 category, approximately one-third (33.0 percent) of the population were APL 2's and 37.6 percent were APL 3's. There were fewer subjects who were classified as APL 3's in consumer economics than in other

* Source: Adult Performance Level Project (University of Texas - Austin, 1975 :5)

knowledge areas assessed. These findings suggest that consumer economics is one knowledge area which proved difficult for subjects perhaps because of limited educational opportunities provided in consumer economics.

A closer examination of some of the test items (University of Texas, Austin, 1977) reveals that success on those items depends upon the ability of the respondent to use reading skills. For example, one item required that respondents observe a notice describing a check cashing policy and draw a correct conclusion related to that policy. In another case, respondents had to fill out a check in a simulated business transaction. In both test situations reading appears to be essential for completing the requirements. The APL levels for reading indicate that 21.7 percent of the population were operating at level one; while 32.2 and 46.1 percent were operating at levels two and three respectively.

The data from the APL study reveal that reading skills and consumer education are needed and should receive additional attention in the schools. For the most part the consumer economics objectives used for the APL project are at the knowledge and comprehension levels as given in Bloom (1956). The final report did not list reading objectives although this skill area was assessed.

Gerboc's (1980) report on the results of two Cleveland area pilot studies also indicates the need for reading and consumer education instruction in the schools. In the first study, the results of the Job Development Project were examined (Kilbane-Flash, 1977). The Project provided occupational skill support to Title I senior high school students who intended to enter the labor market after high school graduation. The study compared the functional skills levels of Job Development participants with those of recent graduates who were employed and performing well on the job. Assessment of functional skill levels was based on the Everyday Skills Test (EST) in reading and math. The results of the study showed that graduates' levels of functional skill

performance were higher than Job Development participants in reading and mathematics. The skill area reflecting the weakest student performance was represented by consumer education content.

A second study discussed by Gerboc was derived from an investigation conducte by the Cleveland Public Schools Division of Research and Development (Cleveland Public Schools, 1976). One of the goals of this study was to secure data from high school graduates to evaluate Cleveland's educational program. Questionnaires were sent to a random sample of 2,415 graduates. The survey sample included about one-third of the 1975 graduation class from each high school. A portion of the questionnaire asked graduates to select, from among ten areas, one area of high school instruction which appeared weakest in preparing students for on-the-job training, college preparation, daily living, etc. A tabulation of the 222 questionnaires returned indicated that instruction relating to actual life situations was most often identified as the area in which high schools might have provided greater instruction (Zinser, 1976).

Because the response rate was so low, the findings of the Cleveland evaluation study may not be representative of the 1975 graduating senior class. Still, one study suggests consumer education content is difficult for students to learn. Results of the other study imply that daily living skills are not addressed in Cleveland schools.

The National Assessment of Educational Progress (NAEP, 1979) and the Food and Drug Administration (FDA) collaborated on a pilot study in 1977 to ascertain whether or not the average American adult can read and understand labels on food, drugs, and medical devices. More than 1,200 adults aged 26 to 35 years of age participated in the study. Findings from the investigation suggest that the higher the educational level of the respondent, the more likely s/he is to comprehend the information on the label and to deduce information not included on the label which could be of critical concern to health and safety. For example, one question dealt with under-

standing the correct dosage indicated on a bottle of antacid. Another item concerned a drug interaction precaution written on the label. Based on the NAEP/FDA study it appears that consumer and reading skills are being assessed. These findings are important since examples of labels were used to test these skills. Reading drug labels accurately is a fundamental skill for survival.

In 1978 the National Assessment for Educational Progress (NAEP, 1979) assessed the consumer skills of 17 year-olds in the following areas: 1) Economics, 2) Consumer Protection, 3) Energy, 4) Finance, 5) Consumer Behavior (advertising, decision making, and shopping), 6) Contracts, 7) Purchasing, 8) Mathematics. An examination of test items used in the teen-age consumers study shows that many of the items require prior knowledge of the consumer education areas as defined by NAEP. For example, in economics the following question appeared: "Of the taxes the federal government collects which tax provides the most revenue?" (NAEP, 1979:7).

A few items were hypothetical situations which required students to draw conclusions concerning consumer behavior. A sample test item of such a situation appears below.

Jack is 17 years old. He is interest in buying a portable radio for himself. He has read a magazine ad that said that Brand C has great sound and many other desirable features. His friend, Marty, just bought that brand of radio and says that it's too heavy to carry around and the sound quality is poor. Which one of the following actions will most 17 year-olds like Jack probably take?

	Percent Responding
Clear up his confusion about Brand C by reading consumer report magazines about Brand C radios	27.4
Ask his parents which brand of radio he should buy	9.9
Accept Marty's opinion instead of believing the ad	52.8*
Accept the advertisement's claims instead of Marty's opinion	5.1
I don't know	4.7

*Correct response.
Source: Teenage Consumers: A Profile. (NAEP, 1979:27)

As one can infer, forming the correct conclusion in the item above may depend upon implicit or explicit knowledge of a 17 year-old's consumer behavior. Other test items required respondents to make final consumer decisions in given situations. The following question is an example of such a test item.

> Jack and Amy were relaxing at home on Thursday night when a young salesperson came to the door with pots and pans to sell. Their daughter was going to be married soon, so this looked like a good opportunity to get her the cooking utensils she needed. They signed a contract which resulted in a bill of nearly $400. The next day Amy saw similar utensils at a department store at less than half that price. They wanted to cancel the contract. Which of the following actions would be wise for Jack and Amy to take in order to cancel the contract and which would not be wise?

Responses to Statements About Cancelling Contracts

	Percent Responding		
	Wise Action	Not a Wise Action	I Don't Know
A. Just ignore the contract.	3.0	95.1*	1.7
B. Within 3 days of signing the contract, send a registered letter to the company calling off the sale.	82.5*	11.3	5.9
C. Hire a lawyer to cancel the contract.	52.8	34.9*	11.9
D. Wait a few days before deciding what to do.	8.7	89.0*	1.7
E. Telephone the salesperson and call off the sale.	77.7	17.9*	4.0

*Correct response.
Source: Teenage Consumers: A Profile, (NAEP 1979: 32,34)

None of the representative items published in the NAEP 1979 document assessed aspects of the processes involved in making consumer decisions. Nor did the items present examples from real warranties, contracts, tax forms, consumer magazine articles,

TV, radio or written advertisements, etc., and have subjects ascertain the most valid sources of information and make decisions in light of possible consequences. Once again, the items appear to assess prior factual knowledge instead of the decision making process related to consumer economics. Reading skills, which would be a part of the consumer decision making process are ignored for the most part.

According to Schoenfeld (NAEP, 1979:53) ". . . in my view the objectives of consumer education should be to develop hesitancy on the part of the individual before s/he takes any action or makes any decision. This would be followed by a thought process wherein the options and the consequences of those options are considered before determining a course of action." Apparently some tests of consumer education do not consider the processing of information through reading, nor do they assess the decision making processes. Yet both reading and decision making processes are inherent in formulating wise consumer decisions.

Like the NAEP, APL, and other studies of consumer education, the schools, too, have tended to focus on knowledge acquisition rather than on developing critical thinking and decision making skills. (Indiana Project for Consumer and Economic Education Guidelines, ND:6) Early efforts related to consumer education in schools were usually relegated to junior and senior secondary students (sometimes the non-academic student) and fragmented between courses in the social sciences, home economics, and business education. Such instruction usually ignored a practical application for consumers in the marketplace. (Indiana Project for Consumer and Economic Education Guidelines, ND:1)

Although numerous definitions of consumer education exist, three definitions of consumer education have been identified for the purposes of this paper.

1. Consumer education is the study of the knowledge and skills needed by individuals and groups in managing consumer resources and taking actions

as citizens to influence the factors which affect consumer decisions. Reading is recognized as a necessary process skill in resource management. Further, to some degree citizen action is predicated on receiving, analyzing, and reacting to information. Consumer education, then, must consider the nature, content, and validity of various information sources -- some of which appear in print.

2. Consumer and economic education is a continuing dynamic process which integrates basic consumer and economic concepts, gained in part through reading, for the purpose of making rational decisions. Such concepts and reading skills are needed to achieve maximum satisfaction of individual and family goals through the responsible use of available resources.

3. Consumer and economic education is the preparation of individuals in the skills, concepts, and understandings required for everyday living so they are equipped to make decisions resulting in efficient use of and satisfaction from their economic resources and an essential skill for this preparation is reading.

Economic and other consumer related concepts, as well as contracts, warranties, purchase agreements, bank statements, consumer magazine reports, and food labels all require the processing of print material. Thus, a well informed consumer decision must depend in part on previously read material. Specifically, the consumer must gather information from print and non-print sources, engage in some comparative analysis of the information, synthesize the results of both information gathering and analysis, and ultimately make a judgment about a vast array of available consumer commodities and services.

In line with the above description of the reading/decision making process are Wentworth's (1976) comments on economic literacy and efficacy. An adaptation of his remarks on economic literacy provides insight into the reading and reasoning skills which are prerequisites for making appropriate consumer decisions as given below. A literate consumer:

1. can use/read economic terminology (vocabulary).
2. can recognize the personal/family costs and benefits of making a purchase.
3. will consider opportunity cost when considering a purchase.

4. can distinguish between conclusions reached on the basis of empirical evidence found through reading a variety of consumer related material versus conclusions reached solely on the basis of desire, rumor, and other preconceptions.

5. can draw conclusions after reading about the projected purchase and make choices consistent with those of wise consumers.

6. can use logical reasoning to develop a conclusion.

7. has the reading skills appropriate for reading contracts, warranties, etc.

8. recognizes that any judgment made on limited information is potentially inadequate and realizes that judgment would be subject to qualification if given new information.

9. participate in discussions concerning consumer affairs.

While the definitions and prerequisites include the acquisition of knowledge related to consumerism, they also underscore the importance of reading and reasoning skills development for the purpose of making effective decisions and using available resources.

Consumer educators must also recognize that economic relationships are intertwined with political, social, cultural, and technological changes. These changes modify the goods consumed as well as the manner of the exchange between consumers and producers. Many of these changes have resulted in an increase of printed material within the producer-consumer relationship (e.g., credit agreements). In fact, the demand for consumer education is itself a product of change in society and the economy. The need for consumer education and the growth of consumer awareness have also generated a variety of printed material such as "Consumer Reports" and "wise buying" columns in newspapers and magazines. Understanding these changes with respect to the consumer helps to explain the centrality of economics in consumer education. Consumers need knowledge of the economic system and the requisite skills to engage in consumer-producer transactions. Thus, consumer education needs to include the study of the consumer's role as an individual and as a member of society in a variety of settings and an

examination of economic, social, political, ecological, and technological influences in deciding which choices to make.

In the past the focus of consumer education has been to teach students to become more rational and skilled buyers in which the consumer was, in general, limited to a passive and reactive acceptance of marketplace conditions currently in existence. Now there is a shift in consumer education to help students gain ". . . competence in the knowledge and skills needed to make decisions and take actions as informed and responsible consumers in a broad range of consumer behavior modes." (Bannister and Monsma, April, 1980:11)

In light of the changes in consumer education the authors have attempted to describe the complex network within which and through which consumer decisions are made. This explanation involves a "Consumer Decision Action System Model" which delineates the complex relations among factors external and internal to the individual. The system also takes into account the socio-economic and information areas which influence consumer decision making as well as the context in which consumers reach decisions. The social and individual goals and values impinging on the context will determine whether or not consumers initiate actions such as financial planning, purchasing, etc. The authors are also suggesting that the decision making process and the decision product or outcome are predicated on reading and reasoning skills.

A discursive account of the system must begin with the external and internal environments as shown in the model (p.22). The external environment is composed of two sub-systems, the socio-economic and the information sub-systems. The socio-economic sub-system includes the economic, political, social, ecological, and technological systems or influences which operate on the individual (Bannister and Monsma, April, 1980). The information sub-system includes print and non-print media, oral and sign language, and experience with the world. While these areas often co-occur

they have been isolated in the model for the purpose of illustration.

The information sub-system as shown in the model, provides the mode of access to the socio-economic sub-system. For example, in the main, the political system is not immediately experienced by groups or individuals; rather knowledge of and involvement with the political arena are mediated by print and non-print informational sources. Direct experience of the effects of the political system can be exemplified in the case of oil deregulation leading to an increase in gas prices. Oral language, too, serves an intermediary function for accessing the political system. For instance, Stockman's recent statements concerning the Reagan economic plan have become the center of dinner conversation for many people.

Personal factors are main components of the internal environment. These factors include an individual's resources, place in the life cycle, prior knowledge, and affect. Resources refer to physical, emotional, financial, and cognitive aspects of a person. Prior knowledge is taken to mean that information which is assimilated by the individual and is fit into pre-existing schemata. The intended meaning of affect is exemplified in the taxonomy created by Krathwohl, Bloom and Masia (1964). All of these personal factors are given expression in the form of needs and wants and life-style/preferences of the individual.

The internal and external environments are related through the processes of socialization, individuation, interaction and tension. With respect to socialization and individuation Habermas (1979:109) writes:

> The "natural identity" of early childhood is probably also based on the time-conquering character of a boundary-maintaining organism, namely, the child's own body, which it gradually learns to distinguish from the physical/social environment. By contrast, the unity of the person, which is constructed by way of intersubjectively recognized self-identification (analyzed by G.H. Mead), is based on belonging to, and demarcating oneself from, the symbolic reality of a group, and on the possibility of locating oneself in it. The unity of the person is formed through internalization of roles . . . . This role identity, centered on sex and age and integrated with the child's

> own body image, becomes more abstract and, at the same time, more individual to the degree that the young child appropriates extra-familial role systems up to and including the political order, which is interpreted and justified by a complex tradition.

Thus, people are socialized through a variety of means yet these processes operate in such a way as to make each of us an individual.

Simultaneously, the multiplicity of individuals operating within and through groups will change, maintain, and effect the socio-economic and information sub-systems. Changes in personal factors, when they occur at the same time in a large number of individuals, will have an effect on the external environment. For example, the changes in the United States from that characterized by the "Organization Man" of the fifties to the "Socially Concerned Person" of the sixties were based in part on changes in individuals. As the model shows, the interaction between external and internal environments is mutually operative. Interaction, then, refers to the continual dynamic of exchange between internal and external environments. That is, interaction does not cease when people become socialized individuals. But the interaction is such that priority can be given to neither external nor internal environments. Each acts continually on the other. For instance, the information in the external environment received by the individual is shaped to some degree through selection and exclusion. And the basis of this discrimination process is rooted in personal factors. Simultaneously, the internal environment is given form through the external environment as socio-economic and information sub-systems act upon personal factors.

Tension exists between the external and internal environments. The external environment exerts pressure on the individual to conform. This pressure can come from the peer group, from advertising, or any number of other sources. Such pressure to conform can be experienced as a lack, in which case the individual comes to desire

the object or circumstances presented by the external environment, or it may be experienced as an unwelcome intrusion, as a demand to be resisted. In either case, the relation between internal and external environments is characterized by tension.

The context for consumer behaviors indicated in the model are the consumer decision action areas (Bannister and Monsma, 1980:10). These consumer decision action areas include resource management which subsumes financial planning, purchasing, and conserving. A second consumer decision action area is designated as citizen participation which includes consumer protection and consumer advocacy.

The consumer decision action areas may be "pushed" or constrained through both the external and internal environments. For example, consider a technical and social system in which stereo's are prized. Consider further that information from peers, magazines, and TV is available and that the potential consumer may be influenced by these information sources to purchase a stereo. At the same time prior knowledge of stereos and the desire to own a stereo also move the individual to acquire the equipment. The constraints operating from the external environment which could hinder the projected purchase include an economic recession and lack of published or other information concerning the best stereo for the money. Likewise, constraints originating from the internal environment could encompass little prior knowledge of the most effective stereo for a specified sum of money and a lack of financial resources to consider making the purchase in the first place. Therefore, the initiation of a purchase can possibly be catalyzed or constrained by forces external or internal to the consumer.

If however, the consumer does determine that s/he will seriously pursue the acquisition of a stereo, then the decision making process is activated. As the model indicates, this decision making process is predicated on the consumer decision action areas (context) as well as internal and external catalysts and constraints. The

context of consumer decision action is mediated by goals and values which are generated from the external and internal environments.

Decision making, in the context of consumer education, is the process of attempting to reach a conclusion about resource management or citizen participation. This process involves making rational choices from among several viable alternatives with regard to some event, action, object, or idea of sufficient merit to warrant our attention. These reasoned choices take into account the values of the decision maker and are based on the acquisition of adequate and correct data. Usually the printed word is a primary means of transmitting the needed information (Williams, 1976:22). In all true decision making there needs to be the existence of alternative considerations to allow judgments to be made (Cassidy and Kurfman, 1977:1). Too often decisions have been made on the basis of impulse or peer pressure, from habit or by default.

Over the years decision making processes have been examined by writers in several disciplines and from different perspectives. Most writers probably would agree that decision making involves seeking answers to three fundamental questions: (1) What is the problem to be solved? (2) What alternatives are available? and (3) Which alternative is best at this time? or What are the consequences of this choice?

The response to question one requires identifying the issue(s) to be decided so that the decision maker is clear about the precise decision needed. To avoid later internal confusion, this part of the process requires clarification of the goals to be achieved when the final decision is made.

In order to answer question two, the decision maker needs to identify what alternatives may be available. Identification of these alternatives may be assisted through the reading of consumer related documents, during which time the reader may be drawing on prior knowledge, gathering additional information, comparing analogous situations, being open to new possibilities, etc. Interacting with others may lead to brainstorming, verbalizing the alternatives, etc. This search for alternatives may involve looking

for features which are of interest and concern to the consumer. The effective use of data available encourages both practical and creative considerations of several possibilities. The greater knowledge available to the decision maker, the greater the possibility of many alternatives for reflection and consideration. Limited knowledge implies fewer alternatives available to be used in the decision making process.

The final phase of the decision making process (question three) is based on the previous steps. At this point it is necessary to examine and to evaluate each of the possible alternatives. The likely results of each alternative need to be weighed in light of both short term and long term consequences of the decision. Here the values of the decision maker are emphasized. This means judging the consequences of the decision as being either desirable or undesirable from the viewpoint of the decision maker. Multiple values are applied to multiple alternatives. Conflicting values, priorities, and competing goals need to be reconciled. A commitment to take action, as appropriate, is implied as is a willingness to assume responsibility for those consequences and actions. At this point the consumer selects the most appropriate alternative. This is the consumer decision/action.

Drucker (1967) too, suggests a particular decision is not viable unless the decision can be implemented. After implementation of a decision, the decision maker should analyze, review, and evaluate the decision itself and, if necessary, re-enter the decision making process at the appropriate place. Sometime after acting upon the decision, the wise consumer will evaluate his/her choice. This evaluation is an important aspect of the model, since future decisions may be colored by the consumer's experience with the consequences of a previous decision. It may seem that the decision making process is [illegible] time consuming, but in the end, the returns on the time investment in the decision making process itself results in more efficient and effective decisions.

Resnick (1976:79) has suggested a model of problem solving which bears some

similarity to the decision making model proposed in this paper. The Resnick problem solving model has three interacting phases. During the first phase the problem is identified. In the second phase the "task environment" is scanned for cues to appropriate responses. The third phase consists of ". . . goal analysis in which goals are successively reformulated partly on the basis of external task cues, in order to yield soluble sub-goals that contribute eventually to solution of the task presented" (Resnick, 1976:79). Both the decision making model in this paper and Resnick's problem solving model indicate that the problem must be formulated, the alternatives must be recognized, and goals or alternatives must be created prior to reaching the solution or decision.

In order for consumers to become effective decision makers, they need to develop a variety of related reasoning skills. The decision making process is not usually linear but takes into consideration "subjectivity, intuition, individuality, and . . . values" (Cassidy and Kurfman, 1977:7). The needed skills are interrelated and are used in varying ways throughout the decision making process itself. The "Reasoning, Reading, and Consumer Education Decision Making Skills Model" identifies five major skill categories and the related skills subsumed under each category which should be utilized in making reasoned decisions. Definitions of these terms as they are considered in this paper are included in Appendix A.

The five skill categories are (1) facilitating skills, (2) conceptualizing skills, (3) processing skills, (4) operating skills, and (5) reasoning skills. These particular skills are not necessarily unique to consumer decision making. They are skills which can be taught in reading, social science, and other areas of the curriculum. Decision making skills, consumer education skills, and related reading skills should not be left to chance in the school curriculum, but should be viewed as an important component in the educational experience. The model is also included.

Reading skills which must be applied during the decision making process will vary according to the nature of the text material available, for example, the newspaper, contract, etc. The variation in skills necessary for consumer decision making also depend upon the reader's ability. The skills required in a given consumer situation, the reader's abilities, and the interaction between them can be productively approached through the theory of metacognitive activities described in Otto, White, and Camperell (1980:60-73). Metacognition is the explicit and/or tacit awareness one has of one's cognitive activities and the application of those processes to achieving understanding, problem solving, etc. As Otto et. al. (1980:61) state, "Metacognitive knowledge and insights are assumed to underlie the ability to control one's own mental activities in order to solve a problem or attain a cognitive goal like understanding written material." The decision making process as described in the authors' model demonstrates an instance in which metacognitive activity should occur.

There are three specific aspects of metacognitive activity which have implications for consumer decision making and reading. The first aspect of concern is the reader/decision maker's knowledge of the type and depth of cognitive processing which is appropriate for particular types of consumer decisions. The facile reader/decision maker, for example, will determine that a credit agreement should be read slowly and that a newspaper ad for stereos might be read rapidly.

A second type of metacognitive activity includes the task variables which involve the reader/decision maker's ability to assess the relative difficulty of a consumer related document or decision. The amount of reading required for the informed comparison of two commodities (such as stereos), or the nature of the related text material could cause problems if improperly assessed by the reader/decision maker.

Strategy variables, a third type of metacognitive activity, are those processes an individual should use to solve a consumer problem. For example, absence of know-

ledge about which strategy to apply during consumer decision making can lead to unwise and perhaps impulsive consumer decisions. In addition, the reading strategies which should be used during the decision making process must be determined and judiciously applied by the consumer.

Brown (1977, as cited in Otto et.al. 1980:63-64) has specified several examples of reading behaviors which she believes involve metacognitive decisions. These behaviors, when adapted for the purposes of consumer decision making are as follows:

a. Clarifying the purpose for reading in light of the consumer problem. As Brown suggests, the reader must understand the stated and unstated requirements of the task. For example, the wise reader/decision maker must recognize that comparisons of commodities should be made and later the alternatives must be evaluated in terms of their consequences.

b. Recognizing the important aspects of the consumer problem and of the supporting reading material.

c. Focusing attention and concentrating on the salient aspects of the consumer problem and accompanying reading material.

d. Assessing or monitoring ongoing activities as they occur so as to ensure their success. For instance, as the reader/decision maker proceeds through the decision making process, s/he must recognize the requirements of each step of the process as that step occurs. The reader, too, must recognize whether s/he has succeeded in comprehending as s/he reads the necessary purchase agreement, etc.

e. Using self-questioning, inherent in the decision making procedure, to determine whether or not each part of the process is in fact being met. Self-questioning and review, retrospective activities, are also necessary after reading consumer related documents to ensure that all relevant data has been gathered prior to weighing alternatives.

f. Making adjustments when the consumer fails to complete any part of the decision making process. The reader must also switch reading strategies if comprehension failure is detected during and after reading consumer related documents.

The authors are suggesting that teachers make these metacognitive skills, which are important for reading and consumer decision making, explicit through the use of consumer dilemmas. These dilemmas have instructional value in that students are taught <u>how</u> to make consumer decisions through the use of reading consumer content

materials. At the same time, the students will utilize self-monitoring strategies in the process of consumer decision making and reading as they solve these consumer dilemmas.

Although numerous examples of consumer dilemmas could be explored, one sample using consumer content is included for purposes of illustration. This activity is intended for use at the late secondary or adult/college levels (see Appendix B).

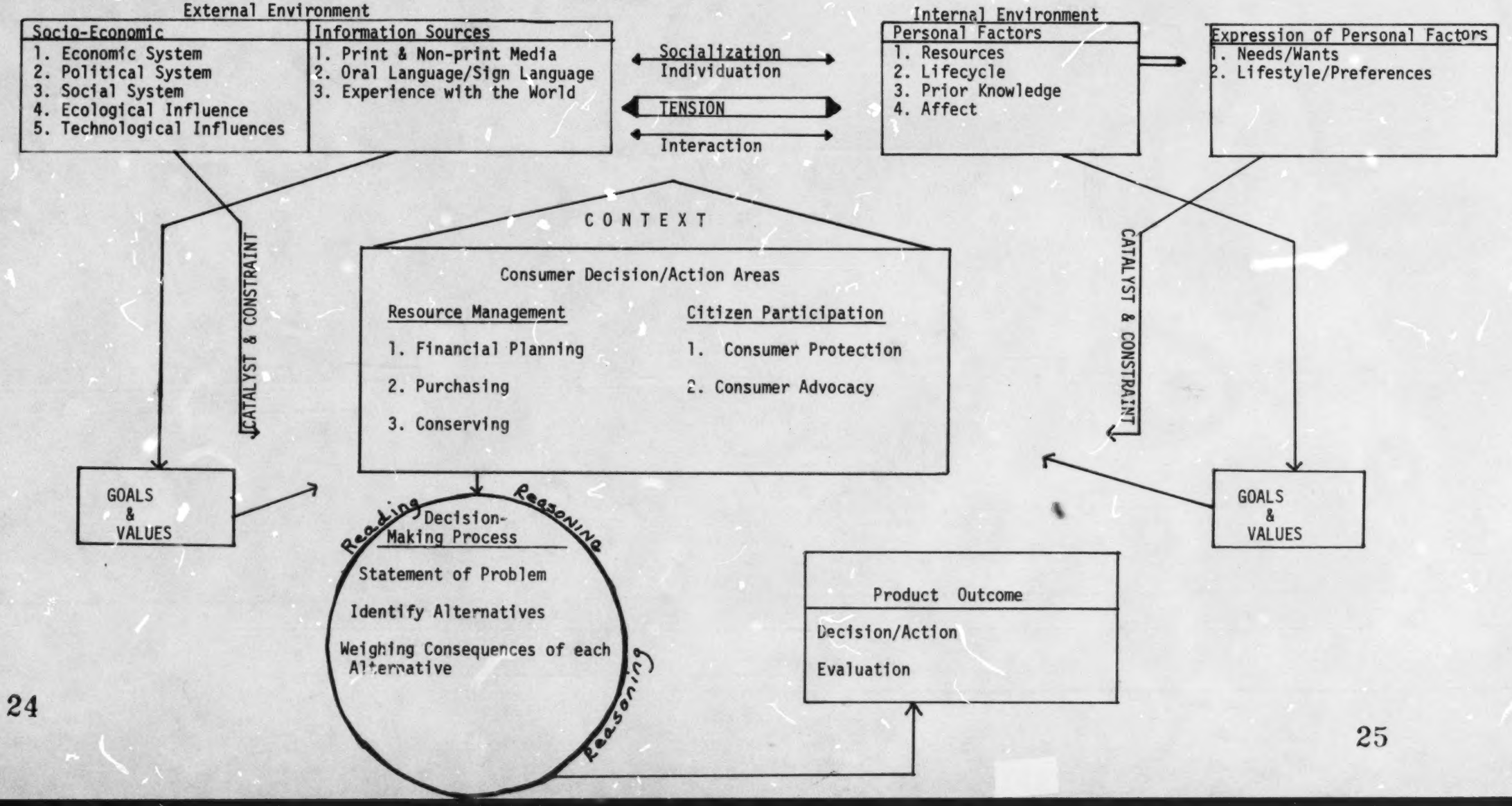
This paper has developed a decision making model to help reduce impulsive consumer decision/actions. Such a model is dependent upon underlying reading and reasoning skills. This model considers sub-systems composing the external and internal environments as related to personal factors and information sources. These environments serve as catalysts or inhibitors for initiating consumer decisions. Simultaneously, values and goals mediate between both environments and the context in which consumer decisions are made.

Five skill categories have been identified as components leading to the decision making process. These requisite reading and reasoning skills, as appropriate, should be utilized in order to make effective and efficient consumer decisions.

The decision making process involves responding to three basic questions. Responses to these questions lead to the product outcome which requires decision/action and evaluation. Effective use of the skills and decision making models have implications for instruction. That is, reading, reasoning, and decision making skills as illustrated in both models can be taught throughout the curriculum and consumer education serves as an excellent vehicle for teaching these basic life skills.

The metacognitive activity involved in reading consumer related documents and in decision making can be supported, taught, and made explicit through the use of consumer dilemmas. In addition, specific vocabulary, comprehension, and consumer decision making skills can be taught through this type of learning activity. Students engaged in these and similar instructional activities should learn to become skilled readers and consumer decision makers.

CONSUMER DECISION ACTION SYSTEM
FACTORS AFFECTING CONSUMER DECISIONS



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APPENDIX A

Definition of Terms*

Terms used in "Reasoning, Reading, and Consumer Education Decision Making Skills" model are defined as follows for purposes of this paper. The definitions, adopted from many sources, are not necessarily unique to this model. The decision making skills are overarching and are appropriate for instruction in reading, consumer education, and in other curriculum areas. In order to develop facility in the effective use of these skills, systematic instruction in the acquisition and use of these skills is needed. The use of each specific skill may not be applicable in all decision making; but, instruction and acquisition of each skill will enable persons to make efficient and effective decisions as consumers.

FACILITATING SKILLS -- Facilitating skills provide the foundation framework for basic skill development in consumer decision making. Observing, classifying, sequencing, defining terms, and spatial relations are fundamental skills. Reading, for example, cannot take place unless the student has developed these prerequisite skills.

(1) Observing -- Observing is examining phenomena in a variety of ways and may be either selective by examining detail, or comprehensive by including relevant facts and features. Furthermore, observing (a) may involve objects or patterns of behavior; (b) may be direct or indirect; and (c) often involves measurement of number, space, and time. Precise observation is of critical importance since observation is influenced by the previous experiences of the observer.

(2) Classifying -- Classifying is organizing phenomena based on an established pattern scheme. Classification schemes are based on

*Definitions have been adapted from the following sources: Carpenter: 1963; Goldmark:1968; Simon: 1970; Fair & Shaftel: 1967; Taba: 1971; Hartoonian: 1979; & Michaelis,et.al: 1968

observable likenesses and differences which allow for the retrieval of information.

(3) Sequencing -- Sequencing is the ability to place items in order according to time, size, color, quantity, quality, function, etc.

(4) Defining Terms -- Defining terms allows for precision and clarity of understanding of the topic under consideration. The definition usually includes both a classification and distinction component. A minimum amount of information is needed in order to differentiate the item/topic being defined from other items/topics.

(5) Spatial Relationships -- Spatial relationships deal with the location of one object to another object. Spatial relationships include concepts such as width and length, up and down, far and near, and location.

CONCEPTUALIZING SKILLS -- Conceptualizing skills require the formation of a mental image of a concrete object, type of behavior, or abstract idea. A concept described by a word or phrase conjures an image which can be used to provide insights into the organization of data. Developing conceptualizing skills is basically a three step process.

(1) Collecting Information -- Collecting information requires eliciting data through reading, questioning, observing, etc.

(2) Grouping Information -- Grouping information involves the arranging or rearranging of data in meaningful categories. The categories selected have some order or meaning to the person.

(3) Labeling Information -- Labeling information is assigning a name or title to each group or category of information. According to Taba (1967), the label becomes a tool in concept formation.

PROCESSING SKILLS -- The eight processing skills constitute an integral part of the learning processes to which students should develop facility. These processes are basic to the requisite reading/consumer decision making skills.

(1) Integrating Information -- Integrating information requires students to gather information from more than one source in order to formulate appropriate questions and possible hypotheses.

(2) Weighing Information -- Weighing information examines the sources of the information for bias, authorship, inclusions and exclusions and for accuracy, validity, and reliability.

(3) Inferring -- Inferring is the ability to form judgments and make tentative conclusions about a particular phenomena under consideration. Inferring processes are needed when full information or detailed data are not available.

(4) Comparing/Contrasting -- Comparing and contrasting require the examination of data for similarities and differences between two or more events, actions or ideas.

(5) Formulating Questions -- Formulating questions allows the asking of questions to recall prior knowledge, to gather information, to provide focus, etc. Precisely focused questions give direction to problems needing solutions. A response to one question may generate additional questions. Questions usually precede evaluation and decision making.

(6) Formulating Hypotheses -- Formulating hypotheses is dependent upon the question(s) posed, inference(s) considered, and prediction. A hypothesis should be written in a manner to allow testing to establish the credibility of the hypothesis. An "if . . . then" form is sometimes used.

(7) Predicting Outcomes -- Predicting outcomes is based on inference and requires the formulating of possible consequences based on previous

experience of intuitive judgment.

(8) Testing Hypotheses -- Testing hypotheses involves deciding if the data gathered is sufficient to support the hypothesis, deciding if the hypothesis is consistent with additional data generated, and deciding if the hypothesis concurs with previously accepted generalizations.

OPERATING SKILLS -- Operating skills are learned patterns of the reading/consumer education processes and are one component in the decision making process.

(1) Searching -- Searching involves posing questions, gathering and organizing information on the basis of cues in the environment, judging data, and presenting the information.

(2) Qualitative/Interpretative -- Qualitative/interpretative skills address the ability to interpret symbolic representation of data, e.g., graphs, charts, drawings, cartoons, pictures, etc. Consumers need to develop disciplined thinking relative to knowledge and phenomena presented in this form and must learn how to use these data in the most efficient and effective manner.

(3) Valuing/Judging -- Valuing/judging includes skills appropriate for influencing and making judgments regarding self and others. This skill requires the ability to make ethical and rational decisions related to the external environment.

(4) Communicating -- Communicating requires the ability to give and receive ideas, knowledge, and values through the use of symbols. Reading, listening, speaking, gesturing, writing, art, etc., enable people to exchange ideas, knowledge, and values. Consumer education has its own specialized vocabulary, therefore it is important for the consumer to understand both the specialized and common related terms

and concepts to be able to function effectively in society.

(5) Social Interaction/Group Participation -- Social interaction/group participation skills are those skills necessary to enable an individual to relate and to function effectively in groups either as a contributing member of the group or in a leadership role.

REASONING -- Reasoning is the attempt to reach a conclusion about some event, action, object, or idea which warrants our attention. Often times the mental operations utilized in reasoning are unconscious but have become internalized based upon previous experience. Effective use of reasoning presupposes cognitive and affective development in the facilitating, conceptualizing, processing, and operating skills.

(1) Deductive arguments -- Deductive arguments involve reasoning from the general to the particular, or from the universal to the specific. In deductive reasoning the factual content in the conclusion is certain (true) and is contained at least implicitly in the premise.

(2) Inductive Arguments -- Inductive arguments involve reasoning by making inferences from a part to the whole, or from the individual to the general. Conclusions reached through induction are tentative and do not contain information, even implicitly in the premise.

(3) Analogical Argument -- Analogical arguments are based upon an analogy, i.e., if two objects or more have one or more similar attributes they will probably agree with another object in one or more aspects.

DECISION MAKING -- Decision making is the act of reaching a conclusion about some event, action, object or idea which is of sufficient merit to warrant our attention. Decision making involves seeking the answers to three fundamental questions.

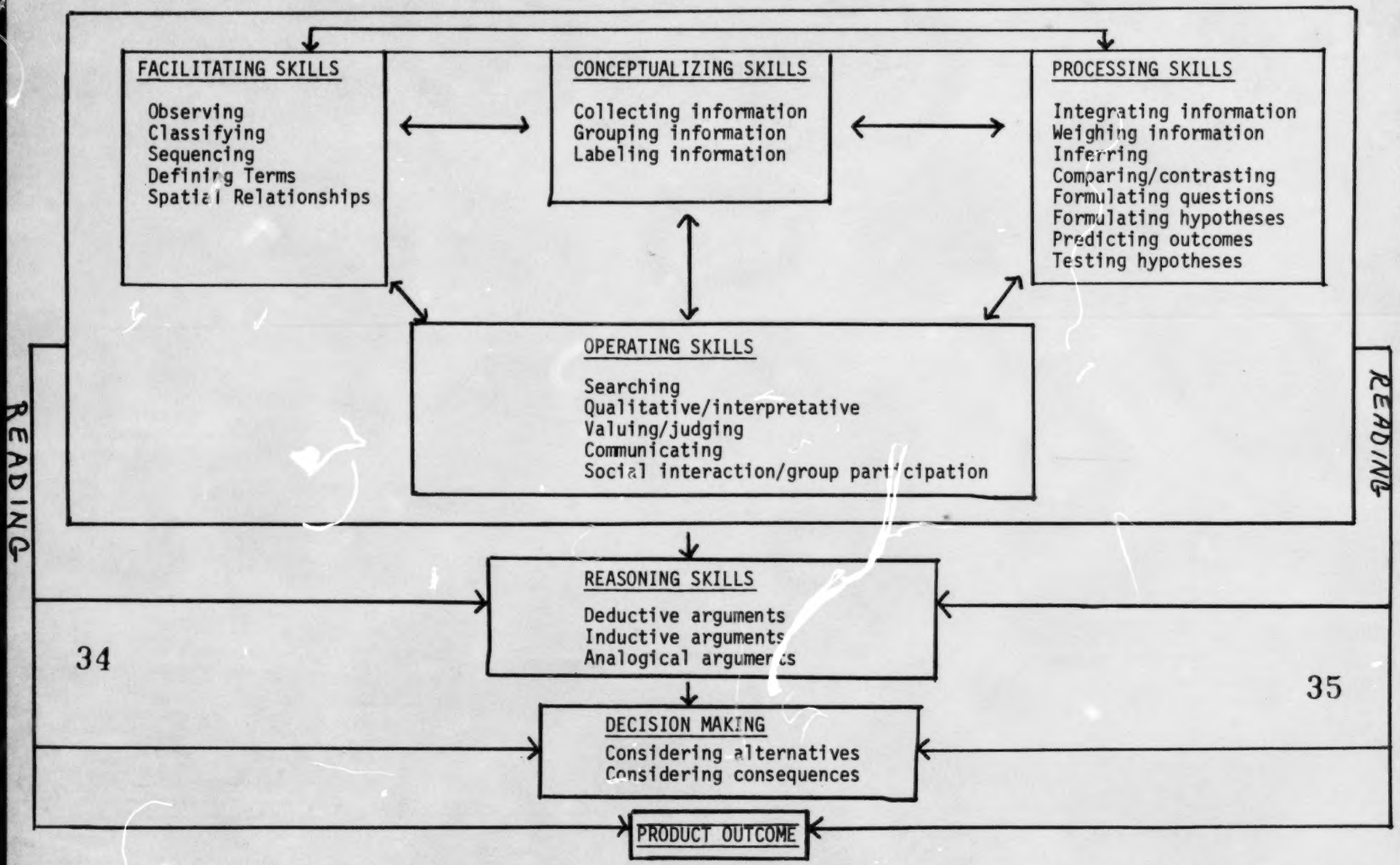
(1) What is the problem to be solved?

(2) What alternatives are available? and

(3) Which alternative is best at this time? or What are the consequences of this choice?

PRODUCT OUTCOME -- Product outcome is the action decided upon by using the appropriate skills related to the decision making process. Product outcome is the end result or actual decision concluded.

REASONING, READING, AND CONSUMER EDUCATION DECISION MAKING SKILLS



Model adapted from H. Michael Hartoonian, "Reasoning as a Metaphor for Skill Development in the Social Studies Curriculum," Theory and Research in Social Education, Volume 7, 1979.

APPENDIX B

Reasoning, Reading, and Consumer Education - Case Study

ABNER MAKES A CHOICE

Should Abner Buy a Stereo on Credit?

TIME REQUIRED: 1 - 2 class periods

RECOMMENDED GRADE LEVEL: Secondary/College Reading Skills

MAJOR CONSUMER CONCEPTS:
- Economic wants
- Opportunity cost and trade offs
- Limited resources
- Credit
- Price
- Contract
- Savings

VOCABULARY TERMS:
- Annual percentage rate (of interest)
- Average daily balance
- Cash price
- Charge Account and Security Agreement
- Checking Account
- Credit Record
- Deferred payment price
- Finance charge
- Judgment lien
- Lien
- Minimum (monthly) payment
- Monthly billing period/monthly billing date
- Monthly billing statement
- Real property
- Savings Account

INSTRUCTIONAL OBJECTIVES: Students will be able to:

(1) define the new vocabulary terms used in the lesson.
(2) read and comprehend the Charge Account and Security Agreement regulations at the literal and inferential levels.
(3) compute the cash cost vs. the deferred payment price of the stereo.
(4) use decision making skills to determine whether or not to purchase a stereo for cash or credit.

RATIONALE FOR THE ACTIVITY: On a regular basis consumers make decisions related to the purchase of particular goods and services. For larger

purchases credit is frequently utilized. Many consumers are unable to read and to comprehend Charge Account and Security Agreement regulations. Consumers frequently do not realize and fulfill their legal obligations related to credit, credit payments, etc. By having students read and respond to questions in writing related to credit buying, students should learn that various alternatives must be considered when making a purchase and that credit agreements are legally binding contracts.

MATERIALS: Copies of the case study and the Charge Account and Security Agreement regulations for each member of the class.

PROCEDURES: (1) Ask students if they have previously made a purchase on credit. If so, with what results?

(2) Outline the major features of the dilemma. (It is assumed students have had previous experiences with the consumer concepts of economic wants, limited resources, and opportunity cost and trade offs.)

(3) Discuss the major principles of buying on credit.

(4) Review vocabulary as applied to the case study and the Charge Account and Security Agreement regulations.

(4a) Students assess the ease or difficulty of reading the dilemma through surveying the material. Students give a confidence rating regarding the reading material. The rating might be expressed as follows:

1 - I am very confident I can read and understand this material.

2 - I am somewhat confident I can read and understand this material.

3 - I do not feel confident that I can read and understand this material.

(5) Have the students read the dilemma.

(5a) Students obtain question sheets pertaining to the dilemma and answer questions.

(6) Ask the students for a general reaction to the dilemma. Discussion follows.

(7) Have the students read the Charge Account and Security Agreement.

(7a) Students obtain question sheets pertaining to the Charge Account and Security Agreement and answer questions.

(8) Ask the students for a general reaction to the Charge Account and Security Agreement regulations. Discussion follows. See the sample questions below.

(9) a - If Abner decides to pay cash for the stereo, what is the cost?

b - If Abner decides to apply for credit in order to buy the stereo, what is the total cost of the stereo?

c - What trade offs are involved for Abner in making a decision?

d - What trade offs are involved for the store?

e - What alternatives might be considered?

(10) Take students through the decision making process.

Questions posed to students.

a. What problem is Abner facing?

_____

_____

_____

b. What alternatives does Abner have?

_____

_____

_____

SAMPLE DECISION MAKING GRID BASED ON STUDENT RESPONSES

CRITERIA

ALTERNATIVES	REAL PRICE	DEFERRED PRICE	ENJOYMENT	OTHER
Buy the stereo for cash				
Buy the stereo on credit				
Not to buy the stereo				

c. Based on the decision making grid, what are the consequences of each potential decision? (This is usually completed through class discussion.)

d. What decision should Abner make?

e. How should Abner evaluate his decision?

EVALUATION OF LESSON:

(1) Review decision making skills (verbal feedback).

(2) Assess quality of class discussion.

(3) Complete student question sheets #1 and #2 for information related to the dilemma and the Charge Account and Security Agreement regulations.

(4) Test for reading and vocabulary comprehension.

Abner Makes a Choice

Should Abner Buy a Stereo on Credit?

Abner Zilch is eighteen years old and a senior at Packer High School. He lives at home with his parents. He worked full-time at the PatAnn Cheese Factory during the summers of 1980 and 1981. During the school year he works part-time. His total earnings for two years were $7,000.

With his earnings Abner has paid off old debts and bought a motorbike. He has put $1,000 into a long-term savings account for two years. He cannot withdraw that money without losing interest and paying a penalty for the early withdrawal of the money. The rest of his money ($500) is in a personal checking account.

Abner's friend, Sam, has just purchased a stereo. Abner wants to buy a stereo for $1,000. He has seen a stereo he likes at the local L&M Department Store. Abner has talked with the credit manager of the store. Abner knows he is qualified to apply for credit. He is considered to be a good credit risk.

Abner must decide whether or not to apply for credit. To help him make a decision Abner reads the Charge Account and Security Agreement regulations. These regulations follow.

CHARGE ACCOUNT AND SECURITY AGREEMENT

I agree to the following regarding all purchases made on my L&M Charge Account and Security Agreement:

1. I have the following options each monthly billing period:

   A. I will pay the entire New Balance within 30 days of the Billing Date shown on the monthly billing statement; or
   B. I will pay the deferred payment price for each purchase consisting of the cash price and a FINANCE CHARGE.

      (1) The FINANCE CHARGE will be computed upon the AVERAGE DAILY BALANCE of my account in each monthly billing period.

         (a) The AVERAGE DAILY BALANCE is determined by dividing the sum of the balances outstanding for each day of the monthly billing period by the number of days in the monthly billing period.
         (b) The Balance Outstanding for each day of the monthly billing period is determined by subtracting payments and credits from the previous day's balance excluding any purchases added to the account during the monthly billing period and excluding any unpaid FINANCE CHARGE.

      (2) FINANCE CHARGE will be determined by applying a periodic rate of 1.25% per month (ANNUAL PERCENTAGE RATE OF 15%) to the AVERAGE DAILY BALANCE.

      (3) When the AVERAGE DAILY BALANCE for a monthly billing period is $40.00 or less, the FINANCE CHARGE for that billing period, at L&M option, will be 50¢ instead of the amount computed above.

      (4) No FINANCE CHARGE will be assessed:

         (a) in a monthly billing period during which there was no Previous Balance;
         (b) in a monthly billing period during which payments and/or credits equal or exceed the Previous Balance;
         (c) on unpaid FINANCE CHARGE; or
         (d) on purchases during the monthly billing period in which they are added to the account.

      (5) I will pay the deferred payment price for all purchases in monthly payments within 30 days from each monthly Billing Date according to the following schedule of minimum payments and have the option of paying more than the minimum payment each month:

IF THE NEW BALANCE IS:	THE MINIMUM PAYMENT WILL BE:	IF THE NEW BALANCE IS:	THE MINIMUM PAYMENT WILL BE:
$ .01 to $10.00	Balance	$350.01 to $400.00	$30.00
10.01 to 200.00	$10.00	400.01 to 450.00	35.00
200.01 to 250.00	15.00	450.01 to 500.00	40.00
250.01 to 300.00	20.00	Over $500.00	1/10 of New Balance
350.01 to 350.00	25.00		

      (6) If I fail to pay any Minimum Payment when due, L&M may declare my entire balance due and payable.

(7) L&M shall retain title to merchandise purchased under this agreement until paid in full. Each payment shall be applied to merchandise and services as follows: first to unpaid FINANCE CHARGE: then, as to items purchased on different dates, the first purchased shall be deemed first paid, as to items purchased on the same date, the lowest priced shall be deemed first paid.

(8) I have the right to pay my entire balance in full at any time without incurring a subsequent FINANCE CHARGE.

2. I agree that the FINANCE CHARGE and other credit terms will be determined by the law of my State of residence. If I change my State of residence I will inform L&M, and L&M will provide me with a new agreement containing the FINANCE CHARGE and other credit terms applicable to my new State of residence.

3. L&M is authorized to investigate my credit record and report to proper persons and Bureaus my performance of this agreement.

4. L&M waives the right to retain or to acquire any lien arising solely by operation of law in real property used or expected to be used as my principal residence. This provision is not applicable to judgment liens.

NOTICE TO BUYER:

(1) DO NOT SIGN THIS CONTRACT BEFORE YOU READ IT OR IF IT CONTAINS BLANKS. (2) YOU ARE ENTITLED TO A COMPLETELY FILLED IN COPY OF THIS AGREEMENT. KEEP IT TO PROTECT YOUR LEGAL RIGHTS. (3) UNDER THE LAW, YOU HAVE THE RIGHT TO PAY IN ADVANCE THE FULL AMOUNT DUE.

RECEIPT OF A COPY OF THIS SECURITY AGREEMENT IS ACKNOWLEDGED.

_____

SIGNATURE OF APPLICANT

STUDENT QUESTION SHEET #1 (SAMPLE QUESTIONS)

[DIRECTIONS: AFTER READING "ABNER MAKES A CHOICE" PLEASE ANSWER THE QUESTIONS BELOW.]

1. Why should Abner not withdraw his money from his savings account?

2. How much money does Abner have in his checking account?

3. How much is the stereo Abner wants to buy?

4. What reasons might Abner have for wanting to purchase a stereo?

5. Why do you suppose Abner came to the L&M Department Store to purchase a stereo?

6. What questions might Abner ask about the stereo itself?

7. What questions should Abner ask about the purchase price, methods of payment, credit responsibility, etc?

STUDENT QUESTION SHEET #2 (SAMPLE QUESTIONS)

AFTER READING "CHARGE AND SECURITY AGREEMENT" PLEASE ANSWER THE QUESTIONS BELOW. THE PAGES, NUMBERS (#), AND LETTERS REFER TO SECTIONS YOU MAY WISH TO REREAD TO ANSWER THE QUESTIONS.

[Page 1, #1A & 1B] 1. What is an option?

[Page 1, #1 (a)] 2. How do you compute the average daily balance?

[Page 1, #(2)] 3. How is the Finance Charge determined?

[Page 1, #(5a)] 4. If Abner's new balance is $265.00, what is the Minimum Payment due?

[Page 2, #2] 5. What will happen to the credit terms if Abner moves to another State?

[Page 2, #3] 6. Why might L&M investigate Abner's credit record?

[Page 1, #(6)] 7. If Abner fails to make the monthly payments, what happens to the stereo he purchased?